

Message Text

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ACTION EUR-25

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FM AMEMBASSY PARIS

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C O N F I D E N T I A L PARIS 16684

E. O.: 11652: GDS

TAGS: EFIN, PFOR, MARR, MA, FR

SUBJ: FRANCO- MALAGASY ACCORDS

REF: (A) TANANARIVE 737

(B) . PARIS 15426

SUMMARY: FRANCO- MALAGASY RELATIONS MOVING INTO PERIOD OF
SUSPENDED ANIMATION WHILE GOF AWAITS GOM ECONOMIC AND
FINANCIAL DECISIONS, PARTICULARLY RULES FOR REPATRIATION
OF FRANCE CAPITAL. REPATRIATION ISSUE DOMINATED
NEGOTIATIONS RATHER THAN QUESTIONS OF COMMERCIAL ACCESS. GOF
OFFICIALS ALSO CITE WEAKNESS AND INEFFECTIVENESS OF RAMANANTSOA
GOVERNMENT AS ADDITIONAL REASON FOR CURRENT HESITANCY IN GOF
APPROACH. END SUMMARY.

1. FROM PARIS PERSPECTIVE, COMMERCIAL ELEMENTS OF RECENTLY
CONCLUDED FRANCO- MALATASY ACCORDS SEEM LESS SIGNIFICANT THAN
SUGGESTED REF A. IN RECENT CONVERSATION WITH EMBOFF, AUDIBERT
(FAC) DENIED CATEGORICALLY THAT GOF WAS INSISTING ON MAINTENANCE
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OF PRIVILEGED IMPORT POSITION IN MADAGASCAR. HE POINT OUT THAT IT IS EC NOT GOF WHICH HAS INSISTED ON REVERSE PREFERENCES SINCE YAOUNDE I ACCORD ADOPTED IN 1963 AND THAT TRADE WITH MAGADASCAR IS VERY SMALL IN TERMS OVERALL FRENCH TRADE. (ACCORDING TO 1972 FRENCH FIGURES, IMPORTS FROM MADAGASCAR TOTALED 337 MILLION FRANCS AND EXPORTS WERE 458 MILLION FRANCS, COMPARED TO TOTAL FRENCH IMPORTS OF 135 BILLION FRANCS AND EXPORTS OF 131 BILLION FRANCS AND TO FRANC AREA IMPORTS OF 8.6 BILLION FRANCS AND EXPORTS OF 11.9 BILLION FRANCS.) FROM WHAT WE HAVE BEEN ABLE TO GATHER HERE IT SEEMS THAT MONETARY CONFLICT AROSE OVER PROTECTION 40,000 FRANCH NATIONALS AND THEIR INVESTMENTS AND NOT OVER QUESTION OF PRIVILEGED FRANCH ACCESS TO MADAGASCAR MARKET.

2. BOTH FAC AND QUAI SOURCES HAVE TOLD US THAT FRENCH POSITION ON FUTURE OF AID TO GOM STILL NOT DETERMINED. MINFIN POSITION IS THAT COUNTRIES WHO LEAVE FRANC ZONE SHOULD BE TREATED LIKE MAURITANIA,

I. E. GRANT ASSISTANCE ONLY FOR FEASIBILITY STUDIES AND TA - CAPITAL ASSISTANCE ON LOAN BASIS ONLY. DENIAU DISAGREES, AND ARGUES THAT POLICY SHOULD PERMIT AT LEAST POSSIBILITY OF GRANTS FOR CAPITAL PROJECTS ON CASE- BY- CASE BASIS. AUDIBERT FEELS THIS WILL HAVE TO BE FINALLY RESOLOED AT POMPIDOU LEVEL.

3. ON FRENCH AID TO GOM, LATEST FIGURES AVAILABLE FROM FAC SHOW TOTAL FRENCH ASSISTANCE OF ALL TYPES IN 1971 AT 181.5 MILLION FRANCS, OF WHICH FAC GRANT ASSISTANCE CONSITTUTED ABOUT 30 MILLION FRANCS OR \$7 MILLION, TWO TO THREE TIMES ESTIMATE IN REF A.

4. AS FOR OTHER AREAS OF ACCORDS, QUAI DEPUTY DIRECTOR FRANCOPHONE AFRICAN AFFAIRS REMOVILLE HAS PROVIDED US WITH VARIOUS ADDITIONAL DETAILS. WITH RESPECT TO MILITARY AGREEMENT, NOT ONLY WILL FRENCH NAVY HAVE ANNUALLY RENEWABLE RIGHTS AT DIEGO SUAREZ, BUT SO ALSO WILL FRENCH AIR FORCE. COMPANY WHICH IS TO BE SET UP TO MANAGE ARSENAL WILL BE FORMED ON BASIS OF 75 PER CENT MALAGASY CAPITAL AND ONLY 25 PER CENT FRENCH. JUDICIAL ACCORD SIGNIFICANTLY MODIFIES FORMER EXTRADITION ARRANGEMENTS WHICH WERE MANDTORY AND NOW BECOME DISCRETIONARY FOR BOTH SIDES. WITH RESPECT TO AGREEMENT COVERING SCIENTIFIC RESEARCH, WHILE THERE WILL BE JOINT USE OF FACILITIES AND JOINT RESEARCH, GOF HAS BEEN ASSURED THAT ITS SCIENTISTS WILL BE ABLE TO CARRY OUT RESEARCH WHICH IS OF CONFIDENTIAL

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EXCLUSIVE BENEFIT TO FRANCE. EQUIVALENCE OF FRENCH AND MALAGASY UNIVERSITY DEGREES HAS BEEN CONFIRMED.

5. COMMENTING ON OVERALL STATE OF FRANCO- MALAGASY RELATIONS, REMOVILLE TOOK POSITION THAT GOF WAS IN PERIOD OF WAITING. FRANCE

WOULD BE LOOKING TO SEE HOW PROPOSED NEW INVESTMENT CODE WORKS. IT HOPES AND EXPECTS THAT MALAGASY GOVERNMENT WILL KEEP IN MIND ITS NEED FOR CONTINUED FOREIGN INVESTMENT AND THAT THIS CONSIDERATION WILL PREVAIL WHEN IT COMES TO WORKING OUT FINAL ARRANGEMENTS ON RIGHTS OF TRANSFER OF FRENCH PRIVATE RESOURCES.

6. REMOVILLE ALSO TOOK PESSIMISTIC VIEW OF POLITICAL SITUATION IN MADAGASCAR WHICH HE CITED AS ADDITIONAL REASON FOR SOMEWHAT HESITANT FRENCH APPROACH. RAMANANTSOA GOVERNMENT, HE SAID, WAS SHAKY AND BESET BY INTERNAL DIVISIONS. UNTIL THIS SITUATION WAS CLARIFIED IT WOULD BE VERY HARD TO GET FRENCH TO TAKE DECISIONS ON NEW PROGRAMS OR INVESTMENTS WHICH MIGHT TURN OUT TO BE " BUILT ON SAND." FOCCART'S DEPUTY JOURNIAC SUBSEQUENTLY TOLD US THAT WHILE SITUATION INDEED SHAKY, EVENTS IN MADAGASCAR MOVED AT OWN PACE AND HE WOULD BE HESITANT TO PREDICT EARLY EXIT OF RAMANANTSOA.

7. REMOVILLE COMMENT THAT ACCORDS, IN FACT, BOUND FRANCE MORE THAN MADAGASCAR. FRANCE WOULD DO WHATEVER WAS NECESSARY TO ABIDE BY THEM. MALAGASY GOVERNMENT, ON OTHER HAND, WOULD NOT FEEL SO BOUND AND WOULD NOT HESITATE TO DEMAND FURTHER REVISIONS IF IT SUITED ITS INTERESTS TO DO SO. REMOVILLE SAID THAT OVER TIME HE ANTICIPATED REDUCTION OF FRENCH PRESENCE, PARTICULARLY TECHNICAL ASSISTANTS IN EDUCATIONAL FIELD.

8. COMMENT: IN GENERAL, FRENCH SEEM RECONCILED TO DIMINUTION OF THEIR ROLE. THEY REGRET CHANGES THAT ARE TAKING PLACE BUT ARE PRAGMATICALLY MOVING TO PRESERVE WHAT THEY CAN AND TO ADJUST AS NECESSARY. DECISION TO MOVE INDIAN OCEAN COMMAND TO LA REUNION IS ONE SUCH ADJUSTMENT. AS GENERAL BIGEARD COMMENTED IN JUNE 5 INTERVIEW WITH FRENCH RADIO, FRENCH STRATEGY IN INDIAN OCEAN IS NOT UPSET AS RESULTS OF NEW ACCORDS. NONETHELESS, WITH TRANSFER OF TROOPS AND CHANGED ECONOMIC RELATIONSHIP, IMPORTANCE OF MADAGASCAR TO FRANCE IN ON THE DECLINE AND THIS DECLINE WILL BE REFLECTED IN FRENCH PROGRAMS AND PRESENCE IN YEARS TO COME.

IRWIN

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